

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 98-0467P

**Gross and Adjusted Gross Income Tax
Calendar Years 1995 and 1996**

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer is incorporated in Delaware and has no Indiana business locations. Sales are catalogue driven and Indiana sales personnel solicit sales.

Taxpayer misclassified high rate income in 1996. It had correctly reported income in 1995.

Taxpayer protests the negligence penalty as there was no deliberate attempt to avoid payment of additional tax assessed.

I. **Tax Administration** –Penalty

DISCUSSION

Taxpayer was assessed a negligence penalty for the misclassification of high rate income in 1996.

Taxpayer, in a letter dated July 29,1998 protested penalties assessed because there was no negligence or intentional disregard of Indiana tax regulations.

Taxpayer has not shown reasonable cause for the failure to correctly pay tax at the high rate.

FINDING

02980467.LOF
PAGE #2

Taxpayer's protest is denied.